

Inside & Out

MARCH 1988

COMPAQ NEWS

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Below left, a high school band surprised Compaq sales and support staffers with a rousing performance at the International Sales Conference — a performance which, incidentally, was led by Ben Rosen, Compaq Chairman of the Board, in a drum major's uniform

Below right, the company's founders greet personnel at a recent company meeting in Houston. Bill Murto, at podium, is flanked by Jim Harris, left, and Rod Canion, right



The message "Compaq brings you the world of OS/2" is carried out in a newly-created graphic, left. The artwork, which depicts a small diskette superimposed over a larger diskette, accompanies the MS OS/2 program announced Feb. 17 in New York



SHARING A SENSE
OF PRIDE

Compaq begins shipping MS OS/2 operating system

The availability of the Microsoft Operating System/2 (MS OS/2) Standard Version 1.0, as published by Compaq, was announced February 17 at a press briefing and industry forum in New York City. Panel discussions and product demonstrations by more than 20 major independent software vendors (ISVs) accompanied the announcements. The software companies displayed new applications designed to run under OS/2 on COMPAQ 80286- and 80386-based personal computers.

The software vendors included major companies — Microsoft, Lotus, Novell, 3COM Corporation, Micropro, Borland International, Peter Norton Computing — and other leading producers of mainstream applications for personal computers. The Compaq-sponsored forum gave them an opportunity to assure purchasers of personal computers that both existing hardware and the new operating system software are safe investments.

Rod Canion, President, said in July 1987 that the company would offer the new operating system for 80286- and 80386-based COMPAQ computers. He explained that MS OS/2 was expected to make it possible to more fully utilize the power of these higher-performance microprocessors, enabling them to perform more advanced functions.

The single-user operating system, capable of performing multiple tasks, is expected to be used primarily by software developers at first, as they develop programs for end users. Canion emphasized that while MS OS/2 will become an important addition to the industry standard, the transition will evolve "over many years." Meanwhile, users will have many choices in MS-DOS and OS/2 programs as software is developed for both.

An operating system is the software that directs a computer's functions. It offers a language for user and computer to communicate. Most people using COMPAQ computers, or others based on the same standards, use Microsoft's MS-DOS as their operating system. Also available from Microsoft is a XENIX multi-user operating system, based on the UNIX system developed for mainframes and minicomputers.

Canion pointed out MS OS/2 Standard Version 1.0, as published by Compaq, is fully compatible with applications being developed for IBM OS/2 Standard Edition 1.0.

Combined power

The combination of COMPAQ 80286- and 80386-based personal computers and MS OS/2 allows these applications to run faster than with competitive systems, according to Canion. As published by Compaq, the operating system also provides support for specific features of COMPAQ personal computers such as fixed disk drive tape backups.

"As expected, MS OS/2 delivers better performance on COMPAQ 80286- and 80386-based personal computers than on similarly configured IBM PS/2 productions (running IBM OS/2) because of the higher system performance of our personal computers," Canion said.

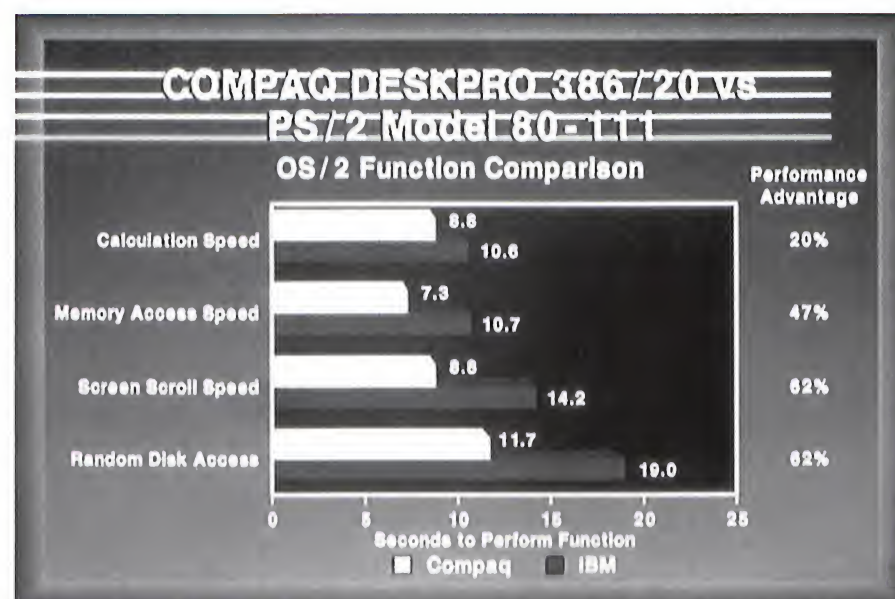
The new operating system's applications, now under development, will enable multiple programs and tasks to run at the same time. This will help users be more productive in their uses of the computers.

The system also allows users to move quickly from one application to another, exchange information among different software programs, and run much larger applications than were previously possible.

Memory-addressing capabilities of the 80286 and 80386 microprocessors are freed to exceed the previous 640-kilobyte limit. With the new system, they can address up to 16 megabytes of random-access memory (RAM). The MS OS/2 system also features a DOS mode for running current MS-DOS based applications.

Canion announced a future version of MS OS/2 from Compaq (Standard Version 1.1) will integrate the Presentation Manager user interface. This will provide a graphical windowing capability. The result will be simplified development and use of new graphics applications. People who purchase Version 1.0 will be able to upgrade to Version 1.1 when it becomes available in late 1988, for only a small handling charge.

MS OS/2 Standard Version 1.0, as published by Compaq, is available from Authorized COMPAQ Computer Dealers. Its suggested resale price is \$325 (U.S.) and includes both 5 1/4-inch and 3 1/2-inch diskettes.



As shown during the company's New York press conference, the COMPAQ DESKPRO 386/20 runs OS/2 faster than IBM's PS/2 Model 80-111



Rod Canion, right, tells news media MS OS/2 will more fully utilize the power of 80286 and 80386 microprocessors

New drive option offered for portables

During the Feb. 17 press briefing in New York, Compaq also announced a new option for its portable computers.

A 3 1/2-inch, 1.44-megabyte diskette drive is now available as a primary or secondary drive (A or B drive) for the COMPAQ PORTABLE 386, COMPAQ PORTABLE III, and COMPAQ PORTABLE II.

"A growing number of software packages are now supporting the 3 1/2-inch diskette format. This option allows COMPAQ personal computer users to choose their media without immediately forcing them into a single diskette format," said Compaq President Rod Canion.

The 3 1/2-inch, 1.44-megabyte diskette drive has a suggested resale price of \$245 (U.S.).

An enhancement to desktop options also was announced. The currently-offered 3 1/2-inch, 1.44-megabyte diskette drive option is now supported as a primary drive (A drive). Previously, it was available only as a secondary (B) drive. This option is offered for the COMPAQ DESKPRO 386/20, COMPAQ DESKPRO 386 and COMPAQ DESKPRO 286.

MS-DOS Version 3.3, as published by Compaq, supports the 3 1/2-inch diskette drive options as Drive A. Both the new diskette drive option and diskettes are offered through Authorized Dealers.

Compaq celebrates birthday, billion-dollar year

Twelve years ago, Harris County Judge Jon Lindsay was disappointed when the county was unable to purchase a site on FM 149 for park space.

That disappointment turned to delight with the success of Compaq Computer Corporation, which later built its headquarters on that site, a happy Lindsay told Houston employees who gathered Feb. 19 for a company meeting. That success turned out to be a big boon for Harris County, stricken with layoffs and a tightened economy in the wake of the energy industry downturn.

Lindsay, who is the county's top executive, congratulated Compaq employees on their history-making billion-dollar year. He humorously noted his biggest worry now is how to get the expanding workforce in and out of the site, because of the tremendous increase in traffic volume it has caused.

Lindsay also expressed his appreciation of the company's donation of one billion bytes of information — 94 personal computers — to children's service organizations in the Houston area.

Compaq President Rod Canion announced the donation at the meeting, noting the company's success "started right here in Houston. We're pleased to be able to support the city that has meant so much to Compaq and its employees."

The 28 non-profit organizations receiving computers included The DePelchin Children's Center, Family Outreach Centers, Covenant House, Houston School for Deaf Children, The Children's Home, Houston Achievement Place, Children's Center for Developmental Therapy and The Shriner's Hospital for Crippled Children. The donation represents \$300,000 worth of COMPAQ Personal Computers.

Looking back

People attending the meeting were taken back to the company's earliest days with a videotape which traced the progress of the company. From designing a portable computer in a pie shop to joining the Fortune 500 — and ultimately achieving \$1.2 billion in sales in record-breaking time — the videotape highlighted significant events of the company's six years in business.

As the videotape ended and the lights came up, a standing ovation greeted the company's three founders as they walked onstage.

"Any organization, any success is measured by the people participating," said Jim Harris, Vice President of Engineering, as he and the other two founders reflected on their feelings. "You should be extraordinarily proud of what you did."

Bill Murto, who resigned as Vice President of Sales last year to pursue a career in religion, recalled the billion-dollar goal was seen as a possibility not long before he left, and noted his pleasure that it was met.

Canion pointed out the founders, from the beginning, viewed the company as a large company in its formative stages, rather than a small company with room to grow.



Jim Harris, Vice President of Engineering, left, shakes hands with fellow Compaq co-founders Rod Canion, President, center, and Bill Murto, right



Rod Canion congratulates Compaq employees on their first billion-dollar year, as the company celebrates its sixth birthday



Judge Jon Lindsay recalls trying to build a park — on land that later became Compaq headquarters

The company's key strengths have been in establishing brand image, leadership in products, and strength in its dealer channel, he said.

"That established a strong foundation but underlying it all is the Compaq people," he emphasized.

Strong market position

Canion said Compaq growth in the fourth quarter of 1987 was "extraordinary," and added the company's U.S. market share of dealer revenue increased to 24% by the end of 1987, compared to 39% for IBM and 14% for Apple. He explained Compaq has the strongest lead in the 80386-based personal computer market, and that all signs indicate the 386 will be dominant in the future of the PC market.

The company's original market, portable personal computers, is still one of its strongest with a 69% U.S. market share, and "no other strong competitors."

IBM's PS/2 line hasn't posed a real threat, Canion commented, explaining that a survey of buying plans showed 64% of those questioned intended to buy only industry-standard computers in 1988, while only 18% expressed intentions to buy only PS/2 products.

Canion also said the company's rapidly-growing international market increased again in 1987, accounting for 32% of the company's sales.

"The European market is growing very strongly. Yet in Europe, only Compaq and Apple gained market share," he said.

Sharing pride, celebration

The company meeting, based on the theme "Sharing a Sense of Pride," also involved sharing a celebration of

the company's sixth birthday. Cupcakes decorated in the yellow, orange and red company colors were given to people as they exited the building for buses back to their facilities.

Meanwhile, the excitement was recorded on videotape by ABC's morning network show, "Good Morning, America." Parts of the meeting were aired on the show Feb. 25, with footage showing company facilities and an interview with Canion.

Revised support programs offer greater profitability for dealers

The dealer relationship. It's critical to Compaq success, since no other major personal computer company sells its products solely through a network of authorized dealers. When dealers do well, so does Compaq.

The Compaq network of approximately 3,000 dealers got a potential profit boost February 17 when the company announced a series of improvements in dealer programs. Called the "Umbrella" program because improvements were so widespread, the changes were put together by a special team headed by Sue Kinack, Manager, Marketing Support Programs.

"About 60 people from many departments worked on the project," Kinack said. "We couldn't have done it in a short time without everyone pulling together."

The announcement theme, "All The Right Moves," symbolized a Compaq effort to make all the right moves in dealer programs.

The changes essentially reduce or eliminate dealer cost in areas including sales and service training, Yellow Pages advertising, spare parts administration, major account sales tools and the dealer-support program, SALESPAQ.

Partners in business

"The \$1.2 billion in sales we reached during 1987 was generated by our partners in business — our dealers,"

said Ross Cooley, Vice President of Sales. "Because Compaq is committed to the dealer channel as the best way to provide end-user computing solutions, we'll continue to support our Authorized Dealers with flexible programs that best help them to reach and serve their key markets."

Key parts of program:

- ☐ To ensure that dealers' staffs are fully trained on all COMPAQ products, Compaq offers free certification training for all dealer sales and service personnel, with no limit on the number of staff members who can attend.
- ☐ Yellow Pages advertising is now offered at no charge to all Authorized Dealers in selected areas, under the COMPAQ trademark heading. For dealers not in those market areas, SALESPAQ funds can be applied to those ads.
- ☐ SALESPAQ funds can now be reimbursed with a check sent directly to dealers, rather than through credit memos. This is expected to speed up reimbursement time.
- ☐ Beginning Apr. 1, up to 1/3 of dealers' SALESPAQ funds can be applied to certain business expenses, specifically those relating to evaluation, dis-



A sprightly penguin bearing an umbrella served as a symbol for the "umbrella" team, which developed a widespread program covering many improvements to dealer programs

play or training computers, as well as interest charges on extended inventory and accounts receivable for specified periods.

- ☐ A new option enables dealers to receive 50% of their media and production costs in advance for approved retail ads. As previously, up to 100% of dealers' SALESPAQ funds can be applied to a wide range of promotional expenses.
- ☐ The company recently announced it will pay for overnight freight on in-

coming and outgoing spare parts to speed up delivery, and lowered prices on some spare parts under new spare parts guidelines. Major account sales tools — information on COMPAQ applications, products and prices — are provided for use in business proposals.

- ☐ The new Distinguished Dealer Program gives Compaq the opportunity to recognize Authorized Dealers who have demonstrated superior performance.



A letter of thanks

The poinsettias which decorated Compaq Houston offices prior to the Christmas holidays were given to patients at Ben Taub General Hospital in time for Christmas day. The following letter was sent to Compaq President Rod Canion in regard to the donation.

"Dear Mr. Canion:

"If bringing happiness to others creates warmth and satisfaction in oneself, you and your company should indeed be among the happiest people in Houston. Having been Chief of Surgery and Director of the Emergency Department at the Ben Taub General Hospital for over 15 years, I have seen my share of pain, suffering, and, at times, even happiness. On December 23 I witnessed one of the most unusual sites at the Ben Taub General Hospital when I saw a flood of beautiful poinsettia potted plants cascade into the lobby of the hospital. Patients and their families, as well as employees who had found this Christmas time bleak because of illness, the necessity of working during the holiday season, and possibly being short of funds to purchase gifts and flowers, had smiles of elation as they learned of your gifts to them.

"This unsolicited generosity toward people you do not even know is a supreme example of what Christmas is all about. Know that you gave joy and happiness to many individuals who otherwise had little to brighten their day and lift their spirits. I thank you, also, for bringing warmth and happiness to me as I watched the results of your generosity on the faces of those receiving your gifts.

"For myself and for others who did not know the source of their gifts, thank you and those who conceived and implemented this idea. And thank you for including the Ben Taub General Hospital in your expression of the true meaning of Christmas.

"Sincerely,
Kenneth L. Mattox, M.D.
Professor of Surgery"

Six new area sales offices opened in U.S.

Compaq recently established new sales operations in six U.S. cities, bringing to 13 the number of domestic field sales offices serving Authorized Dealers.

The new area operations are located in or near Boston, Denver, Detroit, Orlando, Philadelphia and Seattle.

Staffers serving these areas are in "executive suites," which share support staff and facilities with other small businesses. As needs grow, permanent office sites will be established.

Meanwhile, the new offices report through established regional operations: Boston is affiliated with New York; Denver with Costa Mesa; Detroit with Chicago; Orlando with Atlanta; Philadelphia with McLean (Washington, D.C. area); and Seattle with Pleasanton.

Area sales managers who head the new operations are Peggy Guignon, Boston; Steven Russomanno, Denver; Jim Root, Detroit; Don Batchelor, Orlando; Tom Reilly, Philadelphia; and Vicki Hansen, Seattle. As with other regional groups, these staffs also serve outlying areas. Their staffers also work out of Arizona, North Carolina and Ohio.

Nearly 250 people now work in Compaq U.S. regional offices.

Self-motivated

The four-member Orlando group — which is expecting a fifth person to join them soon — moved into its offices Dec. 1.

"I love it! It's great to have an office nearby," said Area Sales Manager Don Batchelor, who heads the group. Batchelor already served dealers in that area, working out of the Atlanta office and his home.

He credited the Atlanta operation with providing great support for people working in his area, "but it's nice to have the support getting closer.

"In the eyes of our dealers, it's showing excellent good faith in bringing it closer to them, too."

Field sales personnel may work alone for long stretches of time, particularly in outlying areas of regions, so having others more accessible also means a boost to the morale.

"Of course, everyone has had to be self-motivating and self-starting," Batchelor said. He indicated travel and working alone haven't been problems for him.

"For instance, right now I'm sitting in Ft. Lauderdale in a hotel room, overlooking the waterway — of course, it's not always like this," he hastened to add, and chuckled.

Singapore celebrates end of great year

Who, you may well ask, is that deadly-looking individual holding the bird cage as one of his minions points a gun at Singapore personnel? Has he murdered Steve Hamblin, Managing Director in Singapore, who unaccountably was unable to attend the company's holiday festivities?

Actually, the deadly-looking individual with the bird cage is Steve Hamblin, which could lead to speculation about his management style. . .

The occasion was the first Annual Dinner and Dance for Singapore staffers and their guests, to celebrate the holidays and wind up a year of high productivity and rapid growth.

The 400 people gathered at a Singapore hotel where they were unexpectedly greeted with "The Shanghai Surprise." In this opening skit, Hamblin portrayed the "godfather" of a Chinese triad as he entered — to the tune of a popular Cantonese theme, "Shanghai Beach" — wearing a black three-piece suit and dark glasses, carrying a bird cage, and accompanied by a lady and bodyguards.

Suddenly, the music shifted to "Beat It," showing the musical talents of Michael Jackson — no? That was Steven Hoon! He's a Management Information system (MIS) Computer Operator who, according to Joyce Choo, Manufacturing Production Operator, "is fantastic! He is as good as Michael Jackson, if not better."

Following a short speech by Hamblin, "a bevy of our very own models took the stage. They paraded a beautiful range of clothes from Metro, a leading department store. They were so good that anyone would take them for professionals," said Cecilia Chean, Personnel Assistant.

That's not all. Several other people got their crack at show biz by imper-

sonating famous people: Sylvia Brezik, wife of George Brezik, Engineering dept., as Dolly Parton; Teoh Gin Wah, Quality Assurance Manager, as Elvis Presley; and Cindy Chia, Engineering Secretary, as Madonna.

"They are obviously in the wrong line," commented George Wong, International Procurement Office Buyer. A call from Singapore Broadcasting Corporation is expected any day, the group claims with straight faces.

A highlight of the evening was the "Miss Compaq 1987" competition. Sandy Au, of Quality Assurance, won the title with Ong Bee Sor, Production, as first runner-up and Siti Bahiah Bte Ahmad Jamil, Production, as second runner-up.

The evening continued into the wee hours of morning with dancing to popular hits beneath disco lights, and a general air of excitement and enjoyment as Singapore staffers celebrated.



It's a mystery: a bodyguard holds a gun on Singapore personnel and guests, while another bodyguard accompanies the mysterious godfather, who carries a bird cage



Singapore's "Miss Compaq 1987" — Sandy Au, seated — with two finalists: Siti Bahiah Bte Ahmad Jamil, Manufacturing Production Operator; and Lindy Hamblin, wife of Steve Hamblin



The "godfather" turns out to be none other than Steve Hamblin, who welcomes personnel and guests to their holiday dinner



More pen pals . . .

We have a few more pen pals to add to our list:

Charlotte Petty, 34, would like a pen pal from Australia. She enjoys reading, cooking, fishing and people.

Mike Binder, 25, an Engineering Designer at Chasewood I, would like a pen pal from Germany, the U.K. or Australia. His interests include Chevys, astronomy, ecology, cooking and the Bible.

Mike Binder, Jr., age 6, would like a letter from out of state or another country. His interests are reading, trucks and Legos.

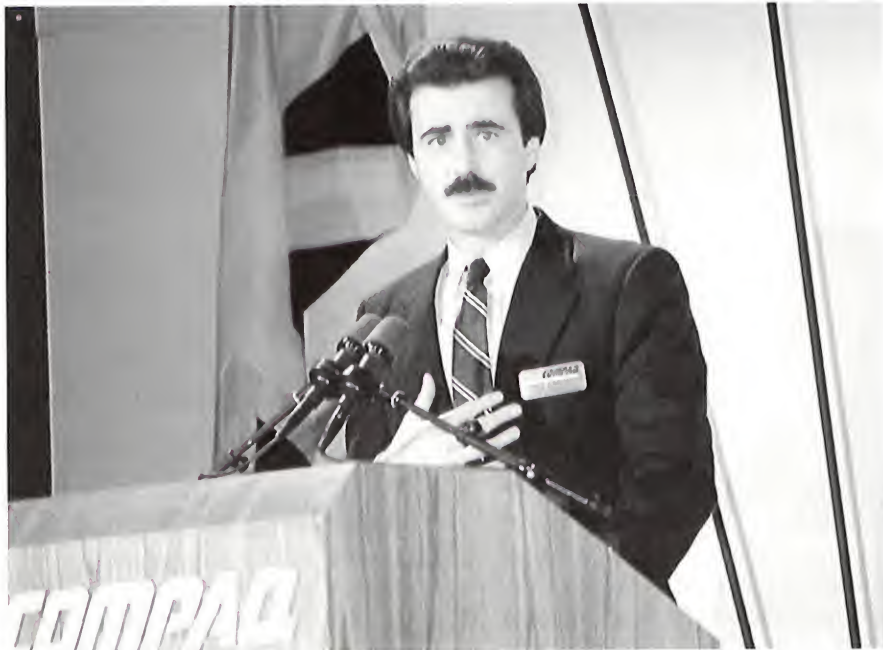
Katrine Mooney, an Administrative Assistant in Sydney, Australia, is looking for a pen pal. She enjoys music, gardening, and languages (German and Italian).

If you would like to write to these people or anyone listed in last month's Inside & Out, place the letter in a stamped envelope with the pen pal's name on it. Place that letter in another envelope addressed to Pen Pals, Inside & Out, M010, Post Office Box 692000, Houston, Texas 77269-2000, U.S.A.

"Take us to your leader"
They walk, they speak English, they eat at McDonald's . . .



Annual sales conference examines leadership role



Mike Swavely, Vice President of Sales & Marketing, congratulates sales personnel on their record-breaking year

Compaq sales personnel had a year of extremes. As author Charles Dickens said, in *Tale of Two Cities*, "It was the best of times; it was the worst of times."

It was the best because the company's strategy to forge ahead with advanced products put the sales force in a position to top the \$1 billion mark in products sold.

This, in turn, caused the worst of times: the huge demand for Compaq products meant orders were backlogged during much of the year. That resulted in frequent calls from dealers venting frustration and asking for faster deliveries and higher allotments.

These and other events of 1987 were reviewed, and plans for 1988 discussed, as field sales and support personnel people met at Orlando, Fla. in February for their International Sales Conference. Their theme: "All the right moves."

Right moves

The sales force — and the company as a whole — made "all the right moves" in 1988, according to Compaq President Rod Canion. He cited the company's marketing strategies and new product performance as key elements in the company's successful year.

"The very active leadership role we took in becoming the standard bearer

for the existing standard was another of our important right moves," he said.

"When IBM introduced the PS/2, we realized the industry was looking to Compaq for direction on whether there would be an immediate move toward accepting the Microchannel as a new standard.

"By carefully but aggressively stating that the industry standard architecture would continue to grow and thrive, we were able to help create an atmosphere of reassurance about the standard. We helped give third-party hardware and software developers the assurance that they could continue developing and delivering new products within the standard.

"And we helped reassure end users that they could safely stay with the existing 286- and 386-based platforms without being forced to go through the inconvenience of switching to the Microchannel."

Canion stated that, in retrospect, it's apparent the main issue wasn't the choice between the Microchannel architecture in the PS/2 and the industry-standard architecture delivered by Compaq and others.

"It's clear now that the battle was in fact fought over brands and products. We spent the better part of 1987 showing Compaq products could deliver higher performance for a broader set of

applications than IBM's top-of-the-line PS/2 systems.

"If you go back and look at the relative market shares of IBM and Compaq in the first quarter of 1987 and compare them with current figures, you'll see that Compaq gained on IBM.

"What that means, simply, is that in a year when both companies introduced new products, our new products gained greater acceptance."

Canion said of all business PCs sold in the fourth quarter of 1987, industry-standard architecture accounts for 67% of the units sold. Microchannel units account for 20% of the sales, and the Apple Macintosh the remaining 13%.

'Universal workstation'

A decade ago, there were futuristic predictions that much as the mass-produced automobile changed industrial society, the personal computer would help create and define an "information society," changing the ways people work, communicate, think and live, Canion noted.

"With the 386, that will come to pass," he said. "Industry-standard 386 workstations have the power, expandability, compatibility and connectability to become the basic building block of information processing for many years to come.

"They are the basis for the first true 'universal workstation.' In the 1990s and beyond they will be a universal processing resource and will define a new era in information processing."

He explained the general purpose, 386-based workstation combines the group productivity benefits of mainframes with the personal productivity benefits of the personal computer.

"The era of the universal workstation has begun, and the world will never be the same. Compaq is the leader in this new class of products, in a market that will drive the growth of the information processing industry for many years to come.

"Compaq is already far more than a billion-dollar PC company. In 1988 and beyond, Compaq will continue to emerge as an overall information processing industry leader."

ALL THE MC

The Association of Compaq Employees (ACE) sponsors a scuba diving club which offers instruction and trips. Front row, left to right: Chris Hlozek, Accounting Assistant, CCW; Larry Stringfellow, Dive Instructor; Peggy Lansford, Secretary, SALESPAQ, Century National Bank; Doug Smith, Product Manager, Century National Bank; Back row: Ken Ewers, Systems Support Engineer, Advanced Systems, CW II; Jeff Bieble, Systems Engineer, CW II; Paul Rubin, Product Planner, Century National Bank; Eddie Panther, Inventory Analyst, CCA II. The ACE Dive Club will be offering scuba lessons the first of March. A trip to Cozumel is scheduled for Easter weekend, and in the fall a trip is planned to the Virgin Islands.

The club meets the first Wednesday of every month at noon in the conference room on the fourth floor of Chasewood II. For more information contact Chip Allen, 374-5533.

. . . But mostly they dive.



And now, a word from head bean-counter:

Officially, John Gribi is the company's Senior Vice President of Finance and its Chief Financial Officer.

Unofficially, he's the head bean-counter.

The term "bean-counter," popularly applied to people engaged in accounting and other financial functions, is sometimes considered offensive by those individuals. Not to John Gribi, as was evident in his address at the recent International Sales Conference. He took this opportunity to explain how Compaq made \$1.2 billion in 1987 — from his tongue-in-cheek perspective.

"It's great to be here. I appreciate the opportunity to discuss financial issues with you. Chris (Schuneman, emcee for the conference) has told me that many of you are interested in a particular subject, so he suggested that I discuss the effects of currency hedging on the direct cost method of revenue recognition.

"Frankly, I'm quite surprised at the level of interest in this topic. Since this is a complex subject, we have had to change the agenda to accommodate a two-hour lecture followed by a one-hour quiz."

After a pause in which participants indicated their lack of enthusiasm for the proposed topic, Gribi proceeded.

"I hate to disappoint everyone, but I do have a back-up presentation on another subject.

"... In America, a financial officer is often referred to as a 'bean counter' — beans representing money. To some financiers, 'bean counter' is a derogatory term. But not me.

"I love beans.

"... The whole object is to have more beans than the other guy. Let me show you how this works.

"What you want to do is get someone to give you their beans — uh, money.

"This is how it starts — you have something that is not a bean. You trade that something for beans — uh, more money.

"I know the light is beginning to dawn on some of you. What **you** do is trade personal computers for beans.



John Gribi glories in his role as a "bean-counter"

"It's very simple. Trade PCs for beans.

"Ron Weir collects beans.

"I save beans.

"And pay beans back to you.

"The more you trade —

"The more we collect —

"The more beans you get paid.

"I'm happy.

"You're happy.

"Everybody is happy."

Bean titles

Having thus simplified the process for his audience, Gribi went on to explain further.

"There are numerous benefits to this revelation. Everybody has a title that has meaning.

"Those of you in sales think you're Regional Sales Managers, Area Sales Managers, Dealer Sales Managers — the fact of the matter is that all of you are Bean Traders.

"People in training are Bean Trader Trainees.

"Ron Weir — he's not the Director of Corporate Credit and Collections — he's the Bean Collector.

"Rod Canion — he isn't the President — he's the Supreme Bean." And so on.

Gribi went on to relate "some bean stories" about Compaq:

"Since January of 1983 when the first products were traded for beans, you bean traders have traded 2.8 billion beans in 60 months.

"In the last six months of 1987 the bean trades were 20% greater than the entire year of 1986.

"In the international area, the 1987 beans traded were almost triple the 1986 beans.

"You think that's nifty info — try these two:

"The profit beans after we paid taxes in fourth quarter 1987 are greater than the full year profits for all of 1986.

"The profit beans after we paid taxes for the full year of 1987 are 62% greater than the sum of all prior year profits."

Gribi admitted he'd been tossing around a lot of big numbers, so it might be worthwhile to stop and consider: how big is a billion?

"For example: if you had to spend a billion dollars in one year, you'd have to spend \$1,800 per minute. If I divided one billions dollars among all of us here, approximately 380 people, we'd each receive, before taxes, \$2,631,578.90.

"Now that's Bean Power."

As for what lies ahead, Gribi encouraged the sales force to still greater success —

"You may not know it but 1988 is the Year of the Bean.

"You now know the secret of Bean Power.

"I want you to trade for beans in 1988 like you've never traded before.

"And you can do it, because you have better personal computers than anybody to trade for beans."



Company 'talent scout' issues call for acts

"OK, y'all, it's that time of year again," says Stacy Whala, Talent Show Coordinator for the company picnic.

"As winter melts into spring, everyone's thoughts turn to the annual Compaq Picnic and Talent Show. The picnic this year will be Sunday, May 15.

"It's never too soon to begin planning your act, song, dance, routine, or what-have-you for the Talent Show. This won't be a contest, just the opportunity for you to share your wonderful and unique talents with your co-workers. If you want to participate in the Talent Show, or if you want to help backstage with the Talent Show, please give me a call at 374-2646. Talent Show registration forms will be available in the Company Picnic packets that will be mailed the first week of April.

"Hope to see you on stage!"

ISC: hard work earns awards



Accepting the "Country of the Year" award is Bernard Maniglier, Managing Director of Compaq Computer S.A.R.L. in France. Behind him are, from left, Eckhard Pfeiffer, Senior Vice President of International Operations; and Marc Chanteloube and Gabriel Christophel, both of the French sales operation

Awards presented at the International Sales Conference included Country of the Year; Region of the Year; Area of the Year; a special Canadian award; President's Club, made up of individuals in the top 15% of their categories; and the Q-Club, those who achieved 100% or better of their quota assignment for the year.



Compaq President Rod Canon, right, gets a "high five" from Tony Goolsby, Dealer Sales Representative from Pleasanton, as Goolsby was named to the President's Club

Country of the Year France

Region of the Year Northwest

Area of the Year Pennsylvania/New Jersey

Canadian Sales Challenge Award Special award to Compaq Canada for excellence in sales



Murray Francois, who heads the Scotland manufacturing operation, appeared in kilts to discuss international manufacturing



Ross Cooley, Vice President of Sales, takes time out at ISC for paperwork (some allege he was ghost-writing remarks for Chris Schumeman, conference emcee)

President's Club

U.S.

DEALER SALES REPRESENTATIVES:

Nancy Tipton Beth Kramer
Tony Goolsby Colleen Harper
Phyllis Marinaro

DEALER SALES MANAGERS:

Lavonne Mullet Ralph Donofrio
Joyce Lillis Jim Sauer
Bob McGrade

DISTRICT SALES MANAGERS:

Joe Warner Mike Hutchinson

GOVERNMENT/MAJOR ACCOUNT MANAGERS:

Eileen Cruthers Barbara Trammell

CHANNEL ACCOUNT MANAGERS:

Doug Holt Leigh Morrison

AREA SALES MANAGERS:

Tom Reilly Vicki Hansen

REGIONAL SALES MANAGERS:

Jerry Farmer Ron Schneider

International

Graham Freeman, Australia
Shirley Hicks, Australia
Tony Jansz, Australia
Peter Baer, Central Europe
Peter Kaiser, Central Europe
Herbert Muhl, Central Europe
Mokhtar Ramadan, Europe International
Jean-Francois Guillaud, France
Gad Kabla, France
Massimo Cavalieri, Italy
Philip Dodsworth, United Kingdom
Martin Peel, United Kingdom

Canada

Charlotte Burke Stewart Hall

Q-Club

U.S.

EASTERN OPERATION:

Don Batchelor Mike Hutchinson
Jim Berg Beth Kramer
Jim Burzotta Joyce Lillis
Anne Clark Doug MacArthur
Noreen Cochran Phyllis Marinaro
Ed Crunk Jack Melnikoff
Eileen Cruthers Gary Newgaard
Fed De Gastyne Scott Pierson
Laurie Dentino Peter Poulin
Tom Donaghy Tom Reilly
Ralph Donofrio Charlie Rotolo
Alan Evans Ron Schneider
Randy Forster Janice Smith
Nancy Gipe Jim Spurgeon
Peter Herman Richard Thomas
Jim Hill John Walsh
Doug Holt Fran Zellat

CENTRAL OPERATION:

Ruthann Askew George Kerr
Randy Beyer Gary Klembara
Jim Buxton Sherry Kohler
Don Chestnut Sharon Liebschutz
Russ Diorio Bill Palmer
Kevin Fleming Ruth Rensink
Wade Goodrich Jim Sauer
Doug Guice John Stephens
Neal Holland Jack Tech
Dave Hulett Barbara Trammell
Betsy Wallace

WESTERN OPERATION:

Brian Bigley Marc Kriz
Jay Brandon Robin Lutin
Tom Burns Bob McGrade
Glenn Cram Mac McLoughlin
Jim Dean John Meaney
Linda Erwin Nina Moore
Jerry Farmer Mindy Morley
Tony Goolsby Leigh Morrison
Linda Hammar Lavonne Mullet
Vicki Hansen Steve Russomanno
Colleen Harper Jim Smith
Kevin Johnson Mark Stiers
Pat Kieran Joe Warner

Q-Club

(continued)

Canada

Charlotte Burke Stewart Hall
Jeanne Gobeille Peter Justiz

International

Tony Jansz Jean-Francois Guillaud
Shirley Hicks Jean-Claude Tavera
Graham Freeman You Mishima
Christopher Woods Gad Kabla
Elisabeth Stender Giovanni Stefanelli
Rolf Konrad Carlo Longo
Peter Baer Massimo Cavalieri
Herbert Muhl Enrico Ivaldi
Juergen Voelker Luciano Lini
Peter Kaiser Fredy Frutig
Marion Simon Monika Lindermeier
Horst Schlachter Hans Mooren
Juergen Schinzel Hamish Haynes
Mokhtar Ramadan Neil Crockett
Hermann Anzenberger Geoff French
Robert Levy Philip Dodsworth
Gabriel Christophel Peter Manson
Jean-Jacques Soriano Colin Gallick
Marc Chanteloube Martin Peel
Ian Jackson



Keynote speaker for ISC was Pat Riley, coach of the Los Angeles Lakers basketball team, who emphasized the importance of providing real service to those you serve

'Nuff winter already; bring on the spring

David Stavros had driven the road between Milwaukee and Rockford, Ill. many times. On this trip, he lost control when his tires touched the ice-coated bridge surface. He skidded across the bridge and onto the median.

Still unable to take control, Stavros dropped his five-speed transmission into second gear as the car whipped into a pair of 360-degree spins. He let go of the wheel. Unexplainably, the car stopped spinning. Still moving about 25 mph, Stavros steered his car back onto the highway and continued his journey.

"A driver behind me saw the whole thing," said Stavros, a Major Account Manager in the Chicago office. "He flashed a thumbs-up sign as he went by. It wasn't until then — after everything was over — that I realized how frightened I was."

As Stavros would attest, this winter has been a season of surprises at various Compaq offices; for example:

London

Compaq personnel in London couldn't get to work one day after an unexpected gale wiped out electric power.

"There was no public transportation," said Corinne Lazarus, Public Sector Account Executive in the London office.

"Our phone lines croaked, too."

Lazarus said life in the Compaq office quickly returned to normal.

"There wasn't as much damage in the populated areas," Lazarus observed. "Buildings seemed to protect other buildings." Gardens — for which the U.K. is famous — were less fortunate, according to Lazarus. She said decades of soil build-up were lost in the storm.

Costa Mesa

Weather was no more predictable in southern California, where a winter chill struck shortly before Christmas.

"It was 40 degrees instead of the usual 75," said Lynda Heller, Regional Sales Secretary in the Costa Mesa office. "And the heat hadn't been turned on in our new building," she added.

The next month, storm-driven rain hit sunny southern California so fiercely that it leaked through windows at the new Compaq facility.

"We had an unusually heavy storm on Jan. 17," Heller explained. "Water seeped in through the windows, but we were fortunate. Our carpet wasn't ruined."

Heller noted that a seaside restaurant near her home was rebuilt a few years ago to assure its survival in any weather.

"When the storm hit, it washed

away the one-third of the pier that contained the restaurant," Heller said.

"When last seen, the restaurant was floating out to sea."

Dallas

With minimal road-clearing equipment in Dallas, the Compaq office in that city was closed by snow and ice for two days after an ice storm hit Jan. 6.

"Those of us who lived on neighborhood streets couldn't get to work Jan. 7 and 8," said Lori Lytal, Regional Sales Secretary. "Main roads were sanded. Some of them were passable.

But neighborhood streets were solid ice. They couldn't be driven safely.

"Everybody brought materials home so we could operate the office from our residences. I was checking voice mail every half hour Thursday."

Lytal said Area Sales Manager Kevin Fleming and wife Cindy managed to get through the weather to the hospital Jan. 6 for the birth of their son.

"They named him Benjamin Edward, and he weighed 7 lbs., 10 ozs.," Lytal reported. "So now we have a laptop model in our office."



Seminars and demonstrations of computer-aided design and networking were offered at a recent event sponsored by Compaq Computer Ltd., the company's U.K. subsidiary. Approximately 475 users — including architects, engineers, draftsmen and network specialists — attended the event, which featured high-performance COMPAQ products, and was titled "Working with Compaq"

Morning bowling league started for second shift

People working second shifts at Compaq now have a morning bowling league. The group competes at Fairlanes Willowbowl on FM 149, near Compaq Center, at 9 a.m. on Monday mornings.

People wanting to join the summer morning league, beginning June 6, should contact Tim Jordan, M031, at 374-5637.

Jordan is also the contact for sign-up in the evening Compaq Willowbowl league, which begins summer play May 19. That group competes on Thursday nights.

June 1 is the date for summer start-up of the Copperfield Wednesday evening league. To sign up for that league, contact Phyllis Voelschow, M020, 896-3129.

Resident trainers go to work in field

The growth in field sales operations also has meant growth in support operations.

Field trainers and customer service technical personnel are assigned to regional operations, offering "resident" support rather than calling in someone from Houston.

Customer service was the first support group to assign people to the field. In 1987, the Sales Education & Development Group decided to join them with resident trainers to teach sales and service classes for Authorized Dealers and their personnel.

"We did a test early last year in Chicago," explained Chris Schuneman, Director, Sales Education and Development. "We found the training was more accessible and affordable for dealers. We found we were able to offer shorter and smaller classes; also, our test trainer did nearly 2 1/2 times as much training as we were able to do previously."

Compaq now offers the training free to dealers.

The Chicago sales personnel "were elated," Schuneman said. "It allowed us to have greater penetration, reach more people and be more flexible with scheduling course offerings."

Traditionally, Compaq sales and service training had been offered in cities where the company had regional offices. By being based in regional offices, trainers were able to schedule additional classes in other areas and decrease dealer representatives' time away from their stores.

Training representatives working in field offices include: Pleasanton — Larry Slack, Service and Glen Yost, Sales; Costa Mesa — Scott Goff, Service and Mike Jarecki, Sales; Chicago — John Moon, Service; Dallas — Amanda Glover, Sales; Atlanta — Pam Grichor, Sales; New York — Tim Banks, Sales; and Washington D.C. — Doug de Werd, Service. Several positions remain to be filled.

Compaq president featured on news programs

Cable news networks recently featured two series of interviews with Compaq President Rod Canion.

ESPN's "Nation's Business Today" interviewed Canion for its "CEO Closeup" series, talking with him about the evolution of Compaq and its products, as well as the industry in which it does business.

"The 386 really moved the whole personal computer industry into a new generation," Canion explained to viewers. "It brings the power and architecture of a minicomputer onto your desktop and allows you to use that power for some very, very sophisticated capabilities. It's adding new technologies like artificial intelligence to a dedicated workstation, so an individual becomes much more capable and has much more powerful tools at his fingertips."

He pointed out that Compaq is actually a very conservative company, and that "when we made the decision to announce the 386 (ahead of IBM), there was no doubt in our minds it was going to be successful because we had done lots of homework." He noted that although others in the industry speculated about the risk Compaq was taking when the product was announced, "we were absolutely certain that it was not a risk."

He went on to comment that the company's decision was justified within two months, when 10,000 units had been shipped.

In response to a query about "matching IBM, move for move," Canion explained that has never been the company's strategy.

Rather, he said, the company has worked to produce products that are fully compatible with existing software and peripherals on the market, while introducing new technologies. Because of IBM's strength, the industry standard grew up around that hardware. However, the focus of Compaq strategy was on the software and peripherals being developed, Canion explained, not on IBM hardware. He added Compaq is the only major manufacturer offering new technology while remaining fully compatible with the industry standard.

Consensus

Canion noted consensus management was crucial to the company's success, being practiced in all long-term decisions such as those involving products, international manufacturing and facilities.

He pointed out it was the people of Compaq, and their practice of "doing what made sense," that enabled the company to achieve its status as an industry leader.

Even in offering free soft drinks for a company with more than 4,000 employees — "We started providing soft drinks and coffee when there were 10 people in the company. As we got bigger,

someone would notice "the expense of these free drinks is noticeable now; should we stop that?" Well, our idea was that if it made sense when we were small as a percentage of total expenses, then it should make sense when we got to be a \$100 million or a \$1 billion company. It gives people a feel of Compaq sticking to its roots."

He expressed confidence in the continued success of the company, but cautioned against unrealistic expectations. The company is so big, it cannot — and should not — be expected to keep doubling, he noted, "but we certainly have the systems in place to continue a successful track record."

In terms of the future, he projected there will always be cycles of new opportunity for those who get there first with all the pieces, "but they're hard to predict and likely will not be of the magnitude of the 386. My biggest challenge for the foreseeable future is to keep Compaq together — keep the culture, keep it rolling and reach whatever potential's there. Nobody really knows how fast and how far a computer company can go, and I'd like to see that."

Continued growth

On Financial News Network's "CEO Spotlight," Canion observed that Compaq stock has performed very well since the Oct. 19 crash, and for the entire year — "perhaps the best of all large companies."

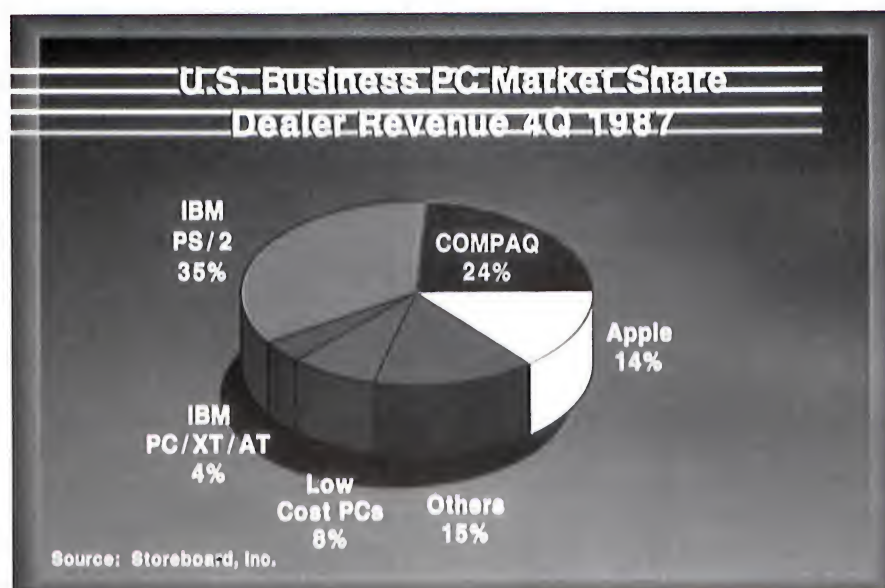
He added current signs indicate the business personal computer market can expect continued good growth throughout 1989.

In 1986, Compaq experienced about 25% growth, then nearly doubled in size in 1987. The company can expect about 25% growth in the future, Canion said. Meanwhile, profitability has increased by an even larger percentage than sales.

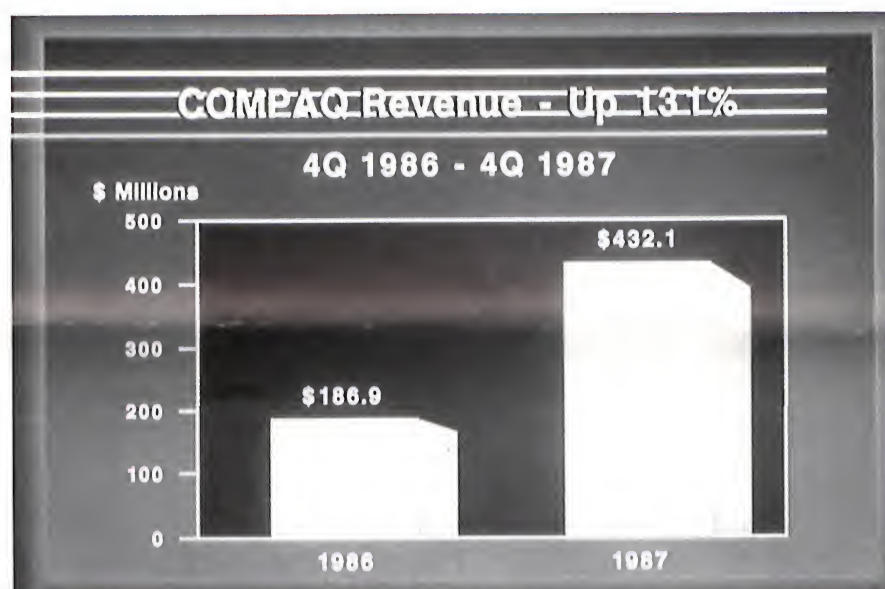
He attributed the company's incredible growth in 1987 to a higher-than-expected growth in the business personal computer market; momentum of new COMPAQ products; and IBM's discontinuation of its AT and XT product lines with the introduction of PS/2, which increased the demand for industry standard-compatible products, especially COMPAQ brand computers.

He emphasized that the company's ability to quickly develop and ship new products has been critical to its success, as has its strategy of manufacturing compatible products. He again credited the company's consensus-making process, put in place in the company's infancy, with being responsible for its successful strategies.

"Compaq is the only company in our industry with an unbroken record of successful products — and it's a result, I think, of putting that consensus process to work," he said.



Compaq accounted for 24% of dealers' business personal computer revenue



Compaq revenue soared in 1987

High-performance computer market outlook 'good'

Good news for the microcomputer industry, and especially for Compaq.

A survey conducted after the Oct. 19 stock market plunge indicates that 41.3% of companies intend to increase capital spending in 1988. Only 22% plan a decrease, with 36.7% anticipating no change.

Results were released by Dataquest, a San Jose company and subsidiary of Dun & Bradstreet, which conducted the survey of 5,000 companies. In its report, Dataquest noted the survey "buttresses the view that 1988 will be a strong growth year for those high-technology markets that are closely linked to the capital investments of corporate America."

By targeting its computers at the high end of corporate America, Compaq appears less vulnerable to sales lost because of spending cutbacks. Only 8.4% of the 5,000 respondents said the drop in stock prices would have a negative effect on their capital spending. But 16% of so-called small companies — those

with no more than 20 employees — would reduce spending because of the stock plunge.

The Dun & Bradstreet survey is the most recent indicator of strong demand for capital equipment in 1988. The Commerce Department reported in December that U.S. companies are planning to increase capital spending by 7.3% this year. The increase was only 2.3% in 1987.

Dataquest also reported in November that buyers of electronic equipment would ignore the market fall. One month later, a Dataquest survey of more than 1,500 personal computer outlets projected 12% to 28% growth in 1988 first quarter sales.

The most recent Dataquest report concludes, "It is clear that manufacturing industries are booming and that the market crash has had little or no immediate impact on their prospects. . . . Dataquest believes that vendors positioned to take advantage of an upsurge in capital spending will prosper in 1988. The cloud of uncertainty created by the market crash has been all but dispelled."

Weather kind to Houston construction

A fairly mild winter in Houston has enabled construction crews to make good progress on Compaq Center West buildings.

"We've been kind of fortunate. We've had a few days of bad weather, but our work was scheduled so that it worked out all right," said Jim Blaschke, Manager of New Construction-Houston.

Status of the building construction includes:

CCA 4 (eight-story office building) — Interior build-out (one story at a time) begins in March, with the first groups expected to move in during May. Estimated completion date for all moves is October 1988.

CCA 5 (eight-story engineering office building) — Build-out underway; move-in expected to begin in early April. Completion of moves is expected in early October 1988.

CCA 6 (eight-story office building) — Build-out begins in April, with move-in expected to start in early summer. Estimated completion of moves is December.

CCM 3 (manufacturing building) — Completed; Surface-Mount Technology (SMT) group moved to this complex. Through-hole Printed Circuit Board (PCB) group remained in CCM 2.

CCM 4 (manufacturing building) — Estimated completion date is early June, with move-in expected in late June.

CCM 5 (distribution center) — Estimated completion date is early June for



Aerial photo of Compaq Center shows, upper left, the Chasewood complex where Compaq has leased offices; center left, Compaq Center Administration (diamond-shaped buildings flanked by parking garages) and Compaq Center Manufacturing. Compaq Center West, in the right side of the photo, has manufacturing and distribution buildings, as well as parking garages, curved around office buildings in the center of the complex

this project, with move-in of Papalote operations expected in early July.

CCM 6 — (manufacturing building) — Estimated completion date is mid-September, with move-in set for fourth quarter.

Four multi-level parking garages —

two large, two small — also are being constructed on the site.

Build-out is underway on a single-story prototype engineering building adjacent to CCA 5. A mechanical lab, to house operations now at Perry Road, is expected to be ready for occupancy in

late summer.

Meanwhile, in Scotland, the steel framework has been erected for Phase II of the manufacturing/office complex. The new structure adjoins the existing facility, and has a planned completion date of July.

Chasewood engineer celebrates 13th birthday

FEBRUARY 1988

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
	1	2	3	4		
7	8	9	10	11		
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29					



Bob Brent celebrated his 13th birthday in February

How many people celebrating their 13th birthday can say they've served as an Air Force ground-to-air communications specialist in Korea? Not to mention studying business management, working at a variety of engineering jobs — and growing from a premature birth weight of 2 lbs. to a sturdy 6 ft.-4 in., 230-lb. frame?

Bob Brent, Manufacturing Engineer, can. And he's not alone in looking at a lifetime of accomplishments with very few birthdays in between.

He is one of the people born on Feb. 29, Leap Year Day — which only comes once every four years.

In fact, Brent says a national organization has been formed, made up of individuals born on that date. He admits he'd be interested in getting together

with other people at Compaq born on that date.

Although he's had only 13 official birthdays, he hasn't been left out in the intervening years. Following Brent's birth in a small town in the Central American jungles — where his father, an MIT graduate, was serving as a construction engineer — his parents made sure he had a yearly celebration.

"When I was younger, we celebrated on Feb. 28 and March 1. Now we usually celebrate on March 1 — but in Leap Years, we really have a good one on the 29th."

Any individuals with Feb. 29 birthdates who would like to contact Brent may call or write him at Chasewood I, mail code M030, telephone no. 374-5421.



A French Authorized Dealer checks out his appearance at NASA during a visit to Houston with a group of other dealers from that country. The group participated in a tour and briefings at Compaq Center along with other activities



As a crew from "Good Morning, America" taped the event, enthusiastic personnel shared greetings, congratulations and cupcakes as they gathered for a company meeting which celebrated the company's sixth birthday and its first billion-dollar year



COMPAQ